

1 **SANFORD HEISLER SHARP, LLP**

2 Ed Chapin (CA SBN 53287, *Pro Hac Vice* forthcoming)
 3 655 West Broadway, Suite 1700
 4 San Diego, CA 92101
 5 echapin@sanfordheisler.com
 6 Telephone: (619) 577-4253
 7 Facsimile: (619) 577-4250

8 Kevin Sharp (TN SBN 016287, *Pro Hac Vice* forthcoming)
 9 611 Commerce St., Suite 3100
 10 Nashville, TN 37203
 11 ksharp@sanfordheisler.com
 12 Telephone: (615) 434-7001
 13 Facsimile: (615) 434-7020

14 Danielle Fuschetti (CA SBN 294064, *Pro Hac Vice* forthcoming)
 15 111 Sutter Street, Suite 975
 16 San Francisco, CA 94104
 17 dfuschetti@sanfordheisler.com
 18 Telephone: (415) 795-2020
 19 Facsimile: (415) 795-2021

20 **RUSING LOPEZ & LIZARDI, P.L.L.C.**

21 J. William Brammer (AZ SBA 2079) wbrammer@rllaz.com
 22 Michael J. Rusing (AZ SBA 6617) mrusing@rllaz.com
 23 6363 North Swan Road, Suite 151
 24 Tucson, Arizona 85718
 25 Telephone: (520) 792-4800
 26 Facsimile: (520) 529-4262

27 Attorneys for Plaintiffs and the Classes

28

IN THE UNITED STATES DISTRICT COURT
 29 FOR THE DISTRICT OF ARIZONA

30 Love Morales Ayala and Luke Howard-
 31 Vesci, on behalf of themselves and all
 32 others similarly situated,

33 No.

34 Plaintiffs,

35 v.

CLASS ACTION

36 Equifax Inc., a Georgia corporation, and
 37 Equifax Information Services LLC., a
 38 Georgia limited liability company,

COMPLAINT FOR DAMAGES

39 Defendants.

JURY TRIAL DEMANDED

40 ////

1 Plaintiffs Love Morales Ayala and Luke Howard-Vesci (“Plaintiffs” or “Class
2 Representatives”), on behalf of themselves and the Classes defined below, allege the
3 following against Equifax Inc. and Equifax Information Services LLC (“Defendants,”
4 “Equifax,” or the “Company”), based on personal knowledge as to Plaintiffs’ respective
5 conduct and on information and belief as to the acts of others.

6 **I. INTRODUCTION**

7 1. Defendants are one of the three largest consumer credit reporting agencies in
8 the United States. Plaintiffs have been consumers of Equifax’s services and entrusted
9 Defendants with their personal information for many years. They bring this action on a
10 class basis alleging violations of the Fair Credit Reporting Act, the Arizona Consumer
11 Fraud Act, negligence, negligence per se, contract claims, unjust enrichment, and bailment,
12 seeking redress for affected Equifax consumers.

13 2. As Plaintiffs and the Class entrusted Defendants with their sensitive personal
14 information, Equifax owed them a duty of care to take adequate measures to protect the
15 information entrusted to it, to detect and stop data breaches, and to inform Plaintiffs and
16 the Class of data breaches that could expose them to harm. Equifax failed to do so.

17 3. Equifax acknowledges that, between May 2017 and July 2017, it was the
18 subject of a data breach in which unauthorized individuals accessed Equifax’s database and
19 the names, Social Security numbers, addresses, and other Personal Identifying Information
20 (“PII”) stored therein (hereinafter the “Data Breach”). According to Equifax, the Data
21 Breach affected as many as 143 million people. Equifax admits that it discovered the
22 unauthorized access on July 29, 2017, but failed to alert Plaintiffs and the Class to the fact
23 of the breach until September 7, 2017.

24 4. The Data Breach was the inevitable result of Equifax’s inadequate approach
25 to data security and the protection of the PII that it collected during the course of its
26 business. Defendants knew and should have known of the inadequacy of their own data

1 security. Equifax has experienced similar such breaches of PII on smaller scales in the
2 past, including in 2013, 2016, and even as recently as January 2017. Over the years,
3 Equifax has jeopardized the PII and, as a result, financial information of hundreds of
4 thousands of Americans.

5 5. Despite this long history of breaches, Defendants have failed to prevent the
6 Data Breach that has exposed the personal information of over 100 million Americans.
7 The damage done to these individuals may follow them for the rest of their lives, as they
8 will have to monitor closely their financial accounts to detect any fraudulent activity and
9 incur out-of-pocket expenses for years to protect themselves from, and to combat, identity
10 theft now and in the future.

11 6. Equifax knew and should have known the risks associated with inadequate
12 security, and with delayed reporting of the breach. The potential for harm caused by
13 insufficient safeguarding of PII is profound. With data such as that leaked in the Data
14 Breach, identity thieves can cause irreparable and long-lasting damage to individuals, from
15 filing for loans and opening fraudulent bank accounts to selling valuable PII to the highest
16 bidder.

17 7. In the case of Defendants' Data Breach, the potential repercussions for
18 consumers are particularly egregious. Privacy researchers and fraud analysts have called
19 this attack "as bad as it gets." "On a scale of 1 to 10 in terms of risk to consumers," it is a
20 10.¹

21 8. Defendants failed to inform millions of consumers of the Data Breach until
22 September 7, 2017, over a month after Defendants first discovered it on July 29. While
23 Defendants took no steps in that time to inform the public in the interim, Defendants did
24

25
26 ¹ <https://www.nytimes.com/2017/09/07/business/equifax-cyberattack.html>

1 not hesitate to protect themselves; at least three Equifax senior executives, including CFO
2 John Gamble, upon information and belief, sold shares worth \$1.8 million in the days
3 following the Data Breach.²

4 9. To provide relief to the millions of people whose PII has been compromised
5 by the Data Breach, Plaintiffs bring this action on behalf of themselves and all others
6 similarly situated. They seek to recover actual and statutory damages, equitable relief,
7 restitution, reimbursement of out-of-pocket losses, other compensatory damages, credit
8 monitoring services with accompanying identity theft insurance, and injunctive relief
9 including an order requiring Equifax to improve its data security and bring to an end its
10 long history of breaches at the cost of consumers.

11 **II. THE PARTIES**

12 **A. PLAINTIFFS**

13 10. Plaintiff Luke Howard-Vesci is an individual consumer, who has resided in
14 Arizona since 2014. Plaintiff Howard-Vesci engaged, or authorized the engagement of,
15 Equifax at various times over the years, and did so recently in the process of securing a
16 home loan. As a result, Equifax has possessed his financial history, including his social
17 security number, birthdate, personal addresses, and other sensitive personally identifying
18 information. Plaintiff Howard-Vesci was a victim of the breach. Since the breach, he has
19 spent time monitoring and attempting to protect his credit and accounts from the improper
20 use of his PII obtained by unauthorized third parties as a result of the Data Breach.

21 11. Plaintiff Love Morales Ayala is an individual consumer who has resided in
22 Arizona since 1997. Plaintiff Ayala engaged, or authorized the engagement of, Equifax at
23 various times over the years, and did so as early as 2007 in the process of monitoring her

25
26 ² <https://www.bloomberg.com/news/articles/2017-09-07/three-equifax-executives-sold-stock-before-revealing-cyber-hack>

1 credit. As a result, Equifax has possessed her financial history, including her social security
2 number, birthdate, personal addresses, and other sensitive personally identifying
3 information. Plaintiff Ayala was a victim of the breach. Since the breach, she has spent
4 time monitoring and attempting to protect her credit and accounts from the improper use
5 of her PII obtained by unauthorized third parties as a result of the Data Breach.

6 **B. DEFENDANTS EQUIFAX**

7 12. Defendants are a multi-billion dollar corporation incorporated in Georgia.
8 They provide credit information services to millions of businesses, governmental units, and
9 consumers across the globe. Equifax operates through various subsidiaries and agents,
10 each of which entities acted as agents of Equifax, or in the alternative, in concert with
11 Equifax.

12 **III. JURISDICTION AND VENUE**

13 13. This Court has jurisdiction under 28 U.S.C. § 1332 because there are over
14 100 Class Members, the amount in controversy exceeds \$5 million exclusive of interest
15 and costs, and this is a class action in which many members of the proposed classes, on the
16 one hand, and Defendants, on the other, are citizens of different states.

17 14. The District of Arizona has personal jurisdiction over Defendants because
18 Defendants do business in Arizona and in this district; Defendants advertise in a variety of
19 media throughout the United States, including Arizona; and many of the acts complained
20 of and giving rise to the claims alleged herein occurred in the District of Arizona.
21 Defendants intentionally avail themselves of the markets within this state, rendering the
22 exercise of jurisdiction by this Court just and proper.

23 15. Venue is proper pursuant to 28 U.S.C. Section 1391 because Defendants
24 conduct substantial business in this division, a substantial part of the events and omissions
25 giving rise to the claims alleged herein occurred in this division, and a substantial part of
26 property that is the subject of the action is situated in this division.

1 **IV. FACTUAL ALLEGATIONS**

2 16. Equifax has collected and stored personal and credit information from Class
3 members, including Plaintiffs.

4 17. Equifax owed a duty to Plaintiffs and the Classes, who entrusted Defendants
5 with their private information, to use reasonable care to protect their PII from unauthorized
6 access by third parties and to detect and stop data breaches, to comply with laws
7 implemented to preserve the privacy of this information, and to notify them promptly if
8 their information was disclosed to an unauthorized third party.

9 18. Equifax knew or should have known that its failure to meet this duty would
10 cause substantial harm to Plaintiffs and the Classes, including serious risks of credit harm
11 and identity theft for years to come.

12 19. As Equifax was well-aware, or reasonably should have been aware, the PII
13 collected, maintained and stored in its systems is highly sensitive, susceptible to attack,
14 and could be used for wrongful purposes by third parties, such as identity theft and fraud.
15 It is well known and the subject of many media reports that PII is highly coveted and a
16 frequent target of hackers. Prior to May 2017, Equifax had experienced at least three major
17 cybersecurity incidents in which consumers' personal information was compromised and
18 accessed by unauthorized third parties.

19 20. Despite the frequent public announcements of data breaches of corporate
20 entities, including Experian and Equifax itself, Equifax maintained an insufficient and
21 inadequate system to protect the PII of Plaintiffs and Class members, in breach of its duties
22 to Plaintiffs and the Class. Given the Company's history of cyberattacks and its reputation
23 as an industry leader in data breach security, Equifax could have and should have invested
24 more money and resources into ensuring the security of its data.

25 21. Because Equifax negligently failed to maintain adequate safeguards,
26 unauthorized third parties managed to exploit a weakness in Equifax's US website

1 application to gain access to sensitive data for roughly two months, beginning in mid-May
2 2017. The information accessed included names, Social Security numbers, birth dates,
3 addresses, and, in some cases, driver's license numbers. In addition, credit card numbers
4 for approximately 209,000 U.S. consumers, and certain dispute documents with personal
5 identifying information for approximately 182,000 U.S. consumers, were accessed.

6 22. Equifax was, or reasonably should have been, aware of the vulnerability in
7 its system as early as March 2017. In or about March 2017, Equifax discovered a
8 vulnerability in its U.S. website: Apache Struts CVE-2017-5638. Despite knowing that
9 this system flaw jeopardized the PII of millions of consumers, it failed to implement an
10 effective patch for at least 9 weeks, and failed to check this known vulnerability regularly
11 to ensure that consumers' information was secure throughout the period of the Data Breach.

12 23. The Equifax Data Breach was a direct and proximate result of Equifax's
13 failure to properly safeguard and protect Plaintiffs' and Class members' PII from
14 unauthorized access, use, and disclosure, as required by various state and federal
15 regulations, industry practices, and the common law, including Equifax's failure to
16 establish and implement appropriate safeguards to ensure the security and confidentiality
17 of Plaintiffs' and Class members' PII to protect against reasonably foreseeable threats to
18 the security or integrity of such information.

19 24. Equifax delayed informing Plaintiffs, the Class, and the public of the Data
20 Breach. On September 7, 2017, Equifax announced to the public that it had discovered
21 "unauthorized access" to company data, which jeopardized sensitive information for
22 millions of its consumers.

23 25. At all relevant times, Equifax knew, or reasonably should have known, of the
24 importance of safeguarding PII and of the foreseeable consequences if its data security
25 system was breached, including, specifically, the significant costs that would be imposed
26 on individuals as a result of a breach.

1 26. As a direct, proximate, and foreseeable result of Equifax's failure to meet its
2 duty of care, including by failing to maintain adequate security measures and failing to
3 provide adequate notice of the Data Breach, Plaintiffs and the Classes have suffered and
4 will continue to suffer substantial harm, including inconvenience, distress, injury to their
5 rights to the privacy of their information, increased risk of fraud, identity theft, and
6 financial harm, the costs of monitoring their credit to detect incidences of this, and other
7 losses consistent with the access of their PII by unauthorized sources.

8 27. Armed with the stolen information, unauthorized third parties now possess
9 keys that unlock consumers' medical histories, bank accounts, employee accounts, and
10 more. Abuse of sensitive credit and personal information can result in considerable harm
11 to victims of security breaches. Criminals can take out loans, mortgage property, open
12 financial accounts and credit cards in a victim's name, obtain government benefits, file
13 fraudulent tax returns, obtain medical services, and provide false information to police
14 during an arrest, all under the victim's name. Furthermore, this valuable information can
15 also be sold to others with similar nefarious intentions.

16 28. As a direct and proximate result of Equifax's wrongful actions and inaction
17 and the resulting Data Breach, Plaintiffs and Class members have been placed at an
18 imminent, immediate, and continuing increased risk of harm from identity theft and
19 identity fraud, requiring them to take the time which they otherwise would have dedicated
20 to other life demands such as work and effort to mitigate the actual and potential impact of
21 the Data Breach on their lives including, *inter alia*, by placing "freezes" and "alerts" with
22 credit reporting agencies, contacting their financial institutions, closing or modifying
23 financial accounts, closely reviewing and monitoring their credit reports and accounts for
24 unauthorized activity, and filing police reports. This time has been lost forever and cannot
25 be recaptured. In all manners of life in this country, time has constantly been recognized
26 as compensable, for many consumers it is the way they are compensated, and even if retired

1 from the work force, consumers should be free of having to deal with the consequences of
2 a credit reporting agency's slippage, as is the case here.

3 29. A breach of this scale requires Plaintiffs and Class members to incur the
4 burden of scrupulously monitoring their financial accounts and credit histories to protect
5 themselves against identity theft and other fraud and will spend time and incur out-of-
6 pocket expenses to protect against such theft. This includes obtaining credit reports,
7 enrolling in credit monitoring services, freezing lines of credit, and more. Where identity
8 theft is detected, Plaintiffs and Class members will incur the burden of correcting their
9 financial records and attempting to correct fraud on their accounts, to the extent that that is
10 even possible. Plaintiffs and Class members will likely spend considerable effort and
11 money for the rest of their lives on monitoring and responding to the repercussions of this
12 cyberattack.

13 30. Equifax's wrongful actions and inaction directly and proximately caused the
14 theft and dissemination into the public domain of Plaintiffs' and Class members' PII,
15 causing them to suffer, and continue to suffer, economic damages and other actual harm
16 for which they are entitled to compensation, including:

- 17 a. theft of their personal and financial information;
- 18 b. unauthorized charges on their debit and credit card accounts;
- 19 c. the imminent and certainly impending injury flowing from potential fraud
20 and identity theft posed by their PII being placed in the hands of criminals
21 and already misused via the sale of Plaintiffs' and Class members'
22 information on the black market;
- 23 d. the untimely and inadequate notification of the Data Breach;
- 24 e. the improper disclosure of their PII;
- 25 f. loss of privacy;

- 1 g. ascertainable losses in the form of out-of-pocket expenses and the value
- 2 of their time reasonably incurred to remedy or mitigate the effects of the
- 3 Data Breach;
- 4 h. ascertainable losses in the form of deprivation of the value of their PII,
- 5 for which there is a well-established national and international market;
- 6 i. ascertainable losses in the form of the loss of cash back or other benefits
- 7 as a result of their inability to use certain accounts and cards affected by
- 8 the Data Breach;
- 9 j. loss of use of and access to their account funds and costs associated with
- 10 the inability to obtain money from their accounts or being limited in the
- 11 amount of money they were permitted to obtain from their accounts,
- 12 including missed payments on bills and loans, late charges and fees, and
- 13 adverse effects on their credit including adverse credit notations; and,
- 14 k. the loss of productivity and value of their time spent to attempt to
- 15 ameliorate, mitigate and deal with the actual and future consequences of
- 16 the data breach, including finding fraudulent charges, cancelling and
- 17 reissuing cards, purchasing credit monitoring and identity theft protection
- 18 services, imposition of withdrawal and purchase limits on compromised
- 19 accounts, and the stress, nuisance and annoyance of dealing with all such
- 20 issues resulting from the Data Breach.

21 31. Because Equifax has demonstrated an inability to prevent a breach or stop it
22 from continuing even after being detected, Plaintiffs and members of the Class have an
23 undeniable interest in insuring that their PII, which remains in Equifax's possession, is
24 secure, remains secure, is properly and promptly destroyed and is not subject to further
25 theft.

1 **V. CLASS ACTION ALLEGATIONS**

2 32. Plaintiffs bring this action pursuant to Fed. R. Civ. P. 23 seeking injunctive
3 and monetary relief for Equifax's systemic failure to safeguard personal information of
4 Plaintiffs and Class members.

5 **A. CLASS DEFINITIONS**

6 33. Plaintiffs seek relief in their individual capacity and as representatives of all
7 others who are similarly situated.

8 34. The "Nationwide Class" is defined as all persons residing in the United States
9 whose personal data Equifax collected and stored and whose personal information was
10 placed at risk and/or disclosed in the Data Breach affecting Equifax from May to July 2017.

11 35. The "Arizona Class" is defined as all persons residing in Arizona whose
12 personal data Equifax collected and stored and whose personal information was placed at
13 risk and/or disclosed in the Data Breach affecting Equifax from May to July 2017.

14 36. Excluded from either class are all attorneys for the class, officers, and
15 members of Equifax, including officers and members of any entity with an ownership
16 interest in Equifax, any judge who sits on this case, and all jurors and alternate jurors who
17 sit on this case.

18 37. Except where otherwise noted, "Class members" shall refer to members of
19 the Nationwide Class and each of the Arizona Class collectively.

20 38. Plaintiffs hereby reserve the right to amend or modify the class definitions
21 with greater specificity or division after having had an opportunity to conduct discovery.

22 **B. REQUIREMENTS OF RULE 23(a) AND RULE 23(b)(2) and (b)(3)**

23 **i. Numerosity and Impracticability of Joinder**

24 39. The proposed Classes are so numerous that joinder of all members is
25 impracticable.

1 40. Upon information and belief, there are more than 143 million members of
 2 the proposed Nationwide Class, and millions of members in the Arizona Class.

3 41. The Class members are readily ascertainable. Equifax has access to
 4 information about the Data Breach, the time period of the Data Breach, and which
 5 individuals were affected. Using this information, the members of the Class can be
 6 identified and their contact information ascertained for purposes of providing notice.

7 **ii. Common Questions of Law and Fact**

8 42. Every Class member suffered injuries as alleged in this complaint as a result
 9 of Defendants' misconduct. The prosecution of Plaintiffs' claims will require the
 10 adjudication of numerous questions of law and fact common to the Classes. The common
 11 questions of law and fact predominate over any questions affecting only individual Class
 12 members. The common questions include:

- 13 a. Whether Defendants engaged in the wrongful conduct alleged herein;
- 14 b. Whether Defendants owed a duty to Plaintiffs and Class Members to
 adequately protect their personal information;
- 15 c. Whether Defendants breached their duties to protect the personal
 information of Plaintiffs and Class members;
- 16 d. Whether Defendants knew or should have known that their data security
 systems and processes were unreasonably vulnerable to attack;
- 17 e. Whether Plaintiffs and Class members suffered legally cognizable
 damages as a result of Defendants' conduct, including increased risk of
 identity theft and loss of value of personal information; and
- 18 f. Whether Plaintiffs and Class members are entitled to equitable relief
 including injunctive relief.

25 ///

26 ///

iii. Typicality of Claims and Relief Sought

43. Plaintiffs have suffered the same violations and similar injuries as other Class members arising out of and caused by Defendants' common course of conduct. All Class members were subject to the same acts and omissions by Defendants, as alleged herein, resulting in the breach of personal information.

44. Plaintiffs possess and assert each of the claims on behalf of the proposed Classes. They seek similar relief as other Class members.

iv. Adequacy of Representation

45. Plaintiffs' interests are coextensive with those of the members of the proposed Classes. Each suffered risk of loss and credit harm and identity theft caused by Equifax's wrongful conduct and negligent failure to safeguard their data, the injuries suffered by Plaintiffs and the Class members are identical (i.e. the costs to monitor and repair their credit through a third-party service), and Plaintiffs' claims for relief are based upon the same legal theories as are the claims of the other Class members. Plaintiffs are willing and able to represent the proposed Classes fairly and vigorously.

46. Plaintiffs have retained counsel sufficiently qualified, experienced, and able to conduct this litigation and to meet the time and fiscal demands required to litigate a class action of this size and complexity.

v. Efficiency of Class Prosecution of Class Claims

47. A class action is superior to other available methods for the fair and efficient adjudication of the controversy – particularly where individual class members lack the financial resources to vigorously prosecute a lawsuit against a large corporation such as Equifax.

48. Class action treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently,

1 and without the unnecessary duplication of efforts and expense that numerous individual
2 actions engender.

3 49. The prosecution of separate actions by individual members of the Class
4 would create a risk of inconsistent and/or varying adjudications with respect to the
5 individual members of the Classes, establishing incompatible standards of conduct for
6 Defendants and resulting in the impairment of Class members' rights and the disposition
7 of their interests through actions to which they were not parties.

8 50. The issues in this class action can be decided by means of common, classwide
9 proof. In addition, the Court can, and is empowered to, fashion methods to efficiently
10 manage this action as a class action.

11 **C. Requirements of Rule 23(b)(2)**

12 51. Equifax has acted or refused to act on grounds generally applicable to
13 Plaintiffs and the proposed Classes by failing to take necessary steps to safeguard
14 Plaintiffs' and Class members' personal information.

15 52. Equifax's systemic conduct justifies the requested injunctive and declaratory
16 relief with respect to the Classes.

17 53. Injunctive, declaratory, and affirmative relief are predominant forms of relief
18 sought in this case. Entitlement to declaratory, injunctive, and affirmative relief flows
19 directly and automatically from proof of Equifax's failure to safeguard consumers' personal
20 information. In turn, entitlement to declaratory, injunctive, and affirmative relief forms
21 the factual and legal predicate for the monetary and non-monetary remedies for individual
22 losses caused by Equifax's failure to secure such information.

23 **D. Rule 23(c)(4) Issue Certification**

24 54. Additionally, or in the alternative, the Court may grant "partial" or "issue"
25 certification under Rule 23(c)(4). Resolution of common questions of fact and law would
26 materially advance the litigation for all Class members.

1 **VI. COUNTS**2 **COUNT I**3 **WILLFUL VIOLATION OF THE FAIR CREDIT REPORTING ACT**4 **(On behalf of the Nationwide and Arizona Classes)**

5 55. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

6 56. Plaintiffs and Class members are consumers entitled to the protections of the
7 Fair Credit Reporting Act, 15 U.S.C. § 1681a(c) (“FCRA”).8 57. Under the FCRA, a “consumer reporting agency” is defined as “any person
9 which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in
10 whole or in part in the practice of assembling or evaluating consumer credit information or
11 other information on consumers for the purpose of furnishing consumer reports to third
12 parties” 15 U.S.C. § 1681a(f).13 58. Equifax is a consumer reporting agency under the FCRA because, for
14 monetary fees, it regularly engages in the practice of assembling or evaluating consumer
15 credit information or other information on consumers for the purpose of furnishing
16 consumer reports to third parties.17 59. As a consumer reporting agency, the FCRA requires Equifax to “maintain
18 reasonable procedures designed to . . . limit the furnishing of consumer reports to the
19 purposes listed under section 1681b of this title.” 15 U.S.C. § 1681e(a).20 60. Under the FCRA, a “consumer report” is defined as “any written, oral, or
21 other communication of any information by a consumer reporting agency bearing on a
22 consumer’s credit worthiness, credit standing, credit capacity, character, general
23 reputation, personal characteristics, or mode of living which is used or expected to be used
24 or collected in whole or in part for the purpose of serving as a factor in establishing the
25 consumer’s eligibility for -- (A) credit . . . to be used primarily for personal, family, or
26 household purposes; . . . or (C) any other purpose authorized under section 1681b of this

1 title.” 15 U.S.C. § 1681a(d)(1). The compromised data was a consumer report under the
2 FCRA because it was a communication of information bearing on Class members’ credit
3 worthiness, credit standing, credit capacity, character, general reputation, personal
4 characteristics, or mode of living used, or expected to be used or collected in whole or in
5 part, for the purpose of serving as a factor in establishing the Class members’ eligibility for
6 credit.

7 61. As a consumer reporting agency, Equifax may only furnish a consumer
8 report under the limited circumstances set forth in 15 U.S.C. § 1681b, “and no other.” 15
9 U.S.C. § 1681b(a). None of the purposes listed under 15 U.S.C. § 1681b permit credit
10 reporting agencies to furnish consumer reports to unauthorized or unknown entities, or
11 computer hackers such as those who accessed the Class members’ PII. Equifax violated §
12 1681b by furnishing consumer reports to unauthorized or unknown entities or computer
13 hackers, as detailed above.

14 62. Equifax furnished Class members’ consumer reports by disclosing their
15 consumer reports to unauthorized entities and computer hackers; allowing unauthorized
16 entities and computer hackers to access their consumer reports; knowingly and/or
17 recklessly failing to take security measures that would prevent unauthorized entities or
18 computer hackers from accessing their consumer reports; and/or failing to take reasonable
19 security measures that would prevent unauthorized entities or computer hackers from
20 accessing their consumer reports.

21 63. The Federal Trade Commission (“FTC”) has pursued enforcement actions
22 against consumer reporting agencies under the FCRA for failing to “take adequate
23 measures to fulfill their obligations to protect information contained in consumer reports,
24 as required by the” FCRA, in connection with data breaches.

25 64. Equifax willfully and/or recklessly violated § 1681b and § 1681e(a) by
26 providing impermissible access to consumer reports and by failing to maintain reasonable

1 procedures designed to limit the furnishing of consumer reports to the purposes outlined
2 under section 1681b of the FCRA. The willful and reckless nature of Equifax's violations
3 is supported by, among other things, Equifax's numerous other data breaches in the past.
4 Further, Defendants tout themselves as industry leaders in breach prevention; thus, they
5 were well aware of the importance of the measures organizations should take to prevent
6 data breaches, and willingly failed to take them.

7 65. Defendants also acted willfully and recklessly because they knew or should
8 have known about their legal obligations regarding data security and data breaches under
9 the FCRA. These obligations are well established in the plain language of the FCRA and
10 in the promulgations of the Federal Trade Commission. Equifax obtained or had available
11 these and other substantial written materials that apprised them of their duties under the
12 FCRA. Any reasonable consumer reporting agency knows or should know about these
13 requirements. Despite knowing of these legal obligations, Equifax acted consciously in
14 breaching known duties regarding data security and data breaches and depriving Plaintiffs
15 and other members of the Classes of their rights under the FCRA.

16 66. Equifax's willful and/or reckless conduct provided a means for unauthorized
17 intruders to obtain and misuse Plaintiff's and the Class members' PII for no permissible
18 purposes under the FCRA.

19 67. Plaintiffs and the Class members have been damaged by Equifax's willful or
20 reckless failure to comply with the FCRA. Therefore, Plaintiffs and each of the Class
21 members are entitled to recover "any actual damages sustained by the consumer . . . or
22 damages of not less than \$100 and not more than \$1,000." 15 U.S.C. § 1681n(a)(1)(A).

23 68. Plaintiffs and the Class members are also entitled to punitive damages, costs
24 of the action, and reasonable attorneys' fees. 15 U.S.C. § 1681n(a)(2) & (3).

25
26 ///

COUNT II

NEGLIGENCE VIOLATION OF THE FAIR CREDIT REPORTING ACT

(On behalf of the Nationwide and Arizona Classes)

69. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

5 70. Equifax was negligent in failing to maintain reasonable procedures designed
6 to limit the furnishing of consumer reports to the purposes outlined under section 1681b of
7 the FCRA. Equifax's negligent failure to maintain reasonable procedures is supported by,
8 among other things, Equifax's numerous other data breaches in the past. Further, as an
9 enterprise claiming to be an industry leader in data breach prevention, Equifax was well
10 aware of the importance of the measures organizations should take to prevent data
11 breaches, yet failed to take them.

12 71. Equifax’s negligent conduct provided a means for unauthorized intruders to
13 obtain Plaintiffs’ and Class members’ PII and consumer reports for no permissible
14 purposes under the FCRA.

15 72. Plaintiffs and the Class members have been damaged by Equifax’s negligent
16 failure to comply with the FCRA. Therefore, Plaintiffs and each of the Class members are
17 entitled to recover “any actual damages sustained by the consumer.” 15 U.S.C. §
18 1681o(a)(1).

19 73. Plaintiffs and the Class members are also entitled to recover their costs of the
20 action, as well as reasonable attorneys' fees. 15 U.S.C. § 1681o(a)(2).

COUNT III

VIOLATION OF THE ARIZONA DATA BREACH LAW - ARIZ. REV. STAT. §§

44-1521, ET SEQ.

(On behalf of the Arizona Class)

74. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

1 75. Arizona's data breach law provides that, upon becoming aware of
 2 "unauthorized acquisition and access to unencrypted or unredacted computerized data that
 3 includes an individual's personal information," businesses operating in this state that own
 4 or license said data must "conduct a reasonable investigation to promptly determine if there
 5 has been a breach of the security system." Ariz. Rev. Stat. Ann. § 18-545(A). *See also*
 6 Ariz. Rev. Stat. Ann. § 18-545(B). Further, if a data breach of personal information is
 7 confirmed, such businesses must notify those affected "in the most expedient manner
 8 possible and without unreasonable delay[...]" Id. A person subject to title V of the GLBA
 9 is exempt from Arizona's data breach law.

10 76. Defendants violated Arizona's data breach law by failing to conduct an
 11 adequate investigation to identify the breach, failing to promptly determine whether there
 12 had been a breach, and failing to notify Plaintiffs and Class members of the breach in the
 13 most expedient manner possible. Defendants failed to discover the breach for over two
 14 months. They, then, waited over a month to notify Plaintiffs and Class members that any
 15 breach had occurred.

16 77. As a direct and proximate result Equifax's violations of Ariz. Rev. Stat. Ann.
 17 § 18-545, Plaintiffs and the Arizona Class members suffered the damages alleged herein.

18 78. Plaintiffs and the Arizona Class members seek relief under Ariz. Rev. Stat.
 19 Ann. § 18-545, including, but not limited to, actual damages and damages to be proven at
 20 trial.

21 79. This claim is asserted in the alternative, and to the extent that Equifax is not
 22 subject to title V of the GLBA. Ariz. Rev. Stat. Ann. § 18-545.

23

24

25 ///

26 ///

COUNT IV

VIOLATION OF THE ARIZONA CONSUMER FRAUD ACT - ARIZ. REV.

STAT. § 44-1521, ET SEQ.

(On behalf of the Arizona Class)

80. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

6 81. Defendants, while operating in Arizona, used and employed deception,
7 deceptive and unfair acts and practices, fraud, misrepresentation, and the concealment,
8 suppression, and omission of material facts with the intent that others rely on such
9 concealment, suppression and omission, in connection with the sale and advertisement of
10 services, in violation of Ariz. Rev. Stat. § 44-1522(A). This includes but is not limited to
11 the following:

- a. Defendants failed to enact adequate privacy and security measures to protect the Arizona Class members' PII from unauthorized disclosure, release, data breaches, and theft, which was a direct and proximate cause of the Data Breach;
- b. Defendants failed to take proper action following known security risks and prior cybersecurity incidents, which was a direct and proximate cause of the Data Breach;
- c. Defendants knowingly and fraudulently misrepresented that they would maintain adequate data privacy and security practices and procedures to safeguard Arizona Class members' PII from unauthorized disclosure, release, data breaches, and theft;
- d. Defendants knowingly omitted, suppressed, and concealed the inadequacy of its privacy and security protections for the Arizona Class members' PII;

- 1 e. Defendants knowingly and fraudulently misrepresented that they would
2 comply with the requirements of relevant federal and state laws
3 pertaining to the privacy and security of Arizona Class members' PII,
4 including but not limited to duties imposed by the FCRA, 15. U.S.C. §
5 1681e, the Gramm-Leach-Bliley Act, 15 U.S.C. § 6801 et seq.
6 ("GLBA"), and, to the extent that title V of the GLBA does not apply,
7 Arizona's data breach law Ariz. Rev. Stat. Ann. § 18-545;
- 8 f. Defendants failed to maintain the privacy and security of Arizona Class
9 members' PII, in violation of duties imposed by applicable federal and
10 state laws, including but not limited to those mentioned in the
11 aforementioned paragraph, which was a direct and proximate cause of the
12 Data Breach; and
- 13 g. Defendants failed to disclose the Data Breach to the Arizona Class
14 members in a timely and accurate manner, in violation of Ariz. Rev. Stat.
15 § 18-545, et seq.

16 82. As a direct and proximate result of Defendants' practices, the Arizona Class
17 members suffered the injury and/or damages described herein, including but not limited to
18 time and expenses related to monitoring their financial accounts for fraudulent activity, an
19 increased, imminent risk of fraud and identity theft, and loss of value of their PII.

20 83. The above unfair and deceptive practices and acts by Defendants were
21 immoral, unethical, oppressive, and unscrupulous. These acts caused substantial injury to
22 the Arizona Class members that they could not reasonably avoid; this substantial injury
23 outweighed any benefits to consumers or to competition.

24 84. Defendants knew or should have known that their computer systems and data
25 security practices were inadequate to safeguard the Arizona Class members' PII and that
26 the risk of a data breach or theft was highly likely. Defendants' actions were negligent,

1 knowing and willful, and/or wanton and reckless with respect to the rights of the Arizona
2 Class members.

3 85. Plaintiffs and the Arizona Class seek monetary relief against Defendants in
4 an amount to be determined at trial.

5 86. Plaintiffs also seek an order enjoining Defendants' unfair, unlawful, and/or
6 deceptive practices, attorneys' fees, and any other just and proper relief available under the
7 Arizona Consumer Fraud Act, Arizona Rev. Stat. § 44-1522, et seq.

COUNT V

NEGLIGENCE

(On Behalf of Nationwide and Arizona Classes)

11 || 87. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

12 88. Equifax owed a duty to Plaintiffs and Class Members to exercise reasonable
13 care in safeguarding their sensitive personal information. This duty included, among other
14 things, designing, maintaining, monitoring, and testing Equifax’s security systems,
15 protocols, and practices to ensure that Class Members’ information adequately secured
16 from unauthorized access.

17 89. Equifax owed a duty to Class Members to implement intrusion detection
18 processes that would detect a data breach in a timely manner.

19 90. Equifax also had a duty to delete any PII that was no longer needed to serve
20 client needs.

21 91. Equifax owed a duty to disclose the material fact that its data security
22 practices were inadequate to safeguard Class Members' PII.

23 92. Equifax also had independent duties under federal and state laws that
24 required Equifax to reasonably safeguard Plaintiffs' and Class Members' PII and promptly
25 notify them about the Data Breach.

1 93. Equifax had a special relationship with Plaintiffs and Class Members from
2 being entrusted with their PII, which provided an independent duty of care. Moreover,
3 Equifax had the ability to protect its systems and the PII it stored on them from attack.

4 94. Equifax breached its duties by, among other things: (a) failing to implement
5 and maintain adequate data security practices to safeguard Class Members' PII; (b) failing
6 to detect and end the Data Breach in a timely manner; (c) failing to disclose that
7 Defendants' data security practices were inadequate to safeguard Class Members' PII; and
8 (d) failing to provide adequate and timely notice of the breach.

9 95. But for Equifax's breach of its duties, Class Members' PII would not have
10 been accessed by unauthorized individuals.

11 96. Plaintiffs and Class Members were foreseeable victims of Equifax's
12 inadequate data security practices. Equifax knew or should have known that a breach of
13 its data security systems would cause damages to Class Members.

14 97. Equifax engaged in this misconduct recklessly, in conscious neglect of duty
15 and in callous indifference to consequences, and, in the alternative, with such want of care
16 as would raise a presumption of a conscious indifference to consequences. Equifax was or
17 should reasonably have been, aware of its misconduct and of the foreseeable injury that
18 would probably result, and with reckless indifference to consequences, consciously and
19 intentionally committed the wrongful acts and omissions herein. Equifax's actions and
20 omissions were, therefore, not just negligent, but grossly negligent, reckless, willful, and
21 wanton.

22 98. As a result of Equifax's negligence, Plaintiffs and Class Members suffered
23 and will continue to suffer injury, which includes but is not limited to the monetary
24 difference between the amount paid for services as promised and the services actually
25 provided by Defendants (which did not include adequate or industry standard data
26 protection), inconvenience and exposure to a heightened, imminent risk of fraud, identity

1 theft, and financial harm. Plaintiffs and Class Members must more closely monitor their
2 financial accounts and credit histories to guard against identity theft. Class Members also
3 have incurred, and will continue to incur on an indefinite basis, out-of-pocket costs for
4 obtaining credit reports, credit freezes, credit monitoring services, and other protective
5 measures to deter or detect identity theft. The unauthorized acquisition of Plaintiffs' and
6 Class Members' PII has also diminished the value of the PII. Plaintiffs and the Classes
7 have also experienced other damages consistent with the theft of their PII. Through its
8 failure to timely discover and provide clear notification of the Data Breach to consumers,
9 Equifax prevented Plaintiffs and Class Members from taking meaningful, proactive steps
10 to secure their PII.

11 99. The damages to Plaintiffs and the Class Members were a direct, proximate,
12 reasonable foreseeable result of Equifax's breaches of its duties. Therefore, Plaintiffs and
13 Class Members are entitled to damages in an amount to be proven at trial.

COUNT VI

NEGLIGENCE PER SE

(On behalf of the Nationwide and Arizona Classes)

17 100. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

18 101. Section 5 of the FTC Act prohibits “unfair . . . practices in or affecting

19 commerce,” including, as interpreted and enforced by the FTC, the unfair act or practice

20 by businesses, such as Equifax, of failing to use reasonable measures to protect PII.

21 102. Equifax violated Section 5 of the FTC Act by failing to use reasonable
22 measures to protect PII and not complying with applicable industry standards, as described
23 in detail herein. Equifax's conduct was particularly unreasonable given the nature and
24 amount of PII it obtained and stored, and the foreseeable consequences of a data breach at
25 a corporation such as Equifax, including, specifically, the immense damages that would
26 result to Plaintiffs and Class Members.

1 103. Equifax's violation of Section 5 of the FTC Act constitutes negligence per
2 se.

3 104. Equifax also violated the FCRA, as stated in Counts I and II. Equifax's
4 violation of the FCRA constitutes negligence per se.

5 105. The Gramm-Leach-Bliley Act ("GLBA") requires covered entities to satisfy
6 certain standards relating to administrative, technical, and physical safeguards:

7 (1) to insure the security and confidentiality of customer records and
8 information;

9 (2) to protect against any anticipated threats or hazards to the security or
10 integrity of such records; and

11 (3) to protect against unauthorized access to or use of such records or
12 information which could result in substantial harm or inconvenience to any
13 customer.

14 15 U.S.C. § 6801(b).

15 106. Businesses subject to the GLBA "should take preventative measures to
16 safeguard customer information against attempts to gain unauthorized access to the
17 information." Interagency Guidelines Establishing Information Security Standards, 12
18 C.F.R. pt. 225, App. F.

19 107. In order to satisfy their obligations under the GLBA, Equifax was required
20 to "develop, implement, and maintain a comprehensive information security program that
21 is [1] written in one or more readily accessible parts and [2] contains administrative,
22 technical, and physical safeguards that are appropriate to [its] size and complexity, the
23 nature and scope of [its] activities, and the sensitivity of any customer information at
24 issue." See 16 C.F.R. § 314.3; *see also* Interagency Guidelines Establishing Information
25 Security Standards, 12 C.F.R. pt. 225, App. F. (Subject companies must "design its
26 information security program to control the identified risks, commensurate with the

1 sensitivity of the information as well as the complexity and scope of the [...] company's
2 activities"). This obligation included considering and, where the Company determined
3 appropriate, adopting mechanisms for "[e]ncryption of electronic customer information,
4 including while in transit or in storage on networks or systems to which unauthorized
5 individuals may have access." *Id.*

6 108. In addition, under the Interagency Guidelines Establishing Information
7 Security Standards, 12 C.F.R. pt. 225, App. F., Equifax had an affirmative duty to "develop
8 and implement a risk-based response program to address incidents of unauthorized access
9 to customer information in customer information systems." *See id.* "The program should
10 be appropriate to the size and complexity of the institution and the nature and scope of its
11 activities." *Id.*

12 109. Equifax had an "affirmative duty to protect their customers' information
13 against unauthorized access or use." *Id.* Timely notification of customers in the event of
14 a data breach is key to meeting this affirmative obligation. Accordingly, when Equifax
15 became aware of "unauthorized access to sensitive customer information," it should have
16 "conduct[ed] a reasonable investigation to promptly determine the likelihood that the
17 information has been or will be misused" and "notif[ied] the affected customer[s] as soon
18 as possible." *See id.* Sensitive customer information includes much of the PII released in
19 the Data Breach.

20 110. Equifax violated the GLBA by failing to "develop, implement, and maintain
21 a comprehensive information security program" with "administrative, technical, and
22 physical safeguards" that were "appropriate to [its] size and complexity, the nature and
23 scope of [its] activities, and the sensitivity of any customer information at issue." This
24 includes, but is not limited to, Equifax's failure to implement and maintain adequate data
25 security practices to safeguard Class members' PII; (b) failing to detect the Data Breach in
26

1 a timely manner; and (c) failing to disclose that Defendants' data security practices were
2 inadequate to safeguard Class members' PII.

3 111. Equifax also violated the GLBA by failing to notify affected customers as
4 soon as possible after it became aware of unauthorized access to sensitive customer
5 information.

6 112. Equifax's violations of the GLBA constitute negligence per se.

7 113. Equifax's violations of Ariz. Rev. Stat. Ann. § 18-545, as stated in Count III,
8 constitute negligence per se.

9 114. Equifax also violated the Arizona Consumer Fraud Act, as stated in Count
10 IV. Equifax's violation of the Arizona Consumer Fraud Act constitutes negligence per se.

11 115. Plaintiffs and Class Members are within the class of persons that the FTC
12 Act, the FCRA, the GLBA, (to the extent title V of the GLBA does not apply) Ariz. Rev.
13 Stat. Ann. § 18-545, and the Arizona Consumer Fraud Act were intended to protect.

14 116. Plaintiffs and Class members were foreseeable victims of Equifax's violation
15 of the FTC Act, the FCRA, the GLBA, (to the extent title V of the GLBA does not apply)
16 Ariz. Rev. Stat. Ann. § 18-545, and the Arizona Consumer Fraud Act. Equifax knew or
17 should have known that its failure to take reasonable measures to prevent a breach of its
18 data security systems, and failure to timely and adequately report it to Class members
19 themselves would cause damages to Class members.

20 117. The harm that occurred as a result of the Equifax Data Breach is the type of
21 harm the FTC Act, the FCRA, the GLBA, (to the extent title V of the GLBA does not
22 apply) Ariz. Rev. Stat. Ann. § 18-545, and the Arizona Consumer Fraud Act were intended
23 to guard against. The FTC has pursued enforcement actions against businesses, which, as
24 a result of their failure to employ reasonable data security measures and avoid unfair and
25 deceptive practices, caused the same harm as that suffered by Plaintiff and the Class.

26

1 118. Equifax engaged in this misconduct recklessly, in conscious neglect of duty
2 and in callous indifference to consequences, and, in the alternative, with such want of care
3 as would raise a presumption of a conscious indifference to consequences. Equifax was or
4 should reasonably have been, aware of its misconduct and of the foreseeable injury that
5 would probably result, and with reckless indifference to consequences, consciously and
6 intentionally committed the wrongful acts and omissions herein. Equifax's actions and
7 omissions were, therefore, not just negligent, but grossly negligent, reckless, willful, and
8 wanton.

9 119. As a direct and proximate result of Equifax's negligence *per se*, Plaintiffs
10 and Class Members suffered and will continue to suffer injury, which includes but is not
11 limited to the monetary difference between the amount paid for services as promised and
12 the services actually provided by Defendants (which did not include adequate or industry
13 standard data protection), inconvenience and exposure to a heightened, imminent risk of
14 fraud, identity theft, and financial harm. Plaintiffs and Class Members must more closely
15 monitor their financial accounts and credit histories to guard against identity theft. Class
16 Members also have incurred, and will continue to incur on an indefinite basis, out-of-
17 pocket costs for obtaining credit reports, credit freezes, credit monitoring services, and
18 other protective measures to deter or detect identity theft. The unauthorized acquisition of
19 Plaintiffs' and Class Members' PII has also diminished the value of the PII. Plaintiffs and
20 the Classes have also experienced other damages consistent with the theft of their PII.
21 Through its failure to timely discover and provide clear notification of the Data Breach to
22 consumers, Equifax prevented Plaintiffs and Class Members from taking meaningful,
23 proactive steps to secure their PII.

24 120. But for Equifax's violation of the applicable laws and regulations, Class
25 Members' PII would not have been accessed by unauthorized individuals.

26

121. The damages to Plaintiffs and the Class Members were a direct, proximate, reasonably foreseeable result of Equifax's breaches of the applicable laws and regulations.

122. Therefore, Plaintiffs and Class Members are entitled to damages in an amount to be proven at trial.

COUNT VII

BREACH OF IMPLIED CONTRACT

(On behalf of the Nationwide and Arizona Classes)

123. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

9 124. As a necessary prerequisite to obtaining the services Equifax provides,
10 Plaintiffs and the Class members provided PII to Defendants.

11 125. Plaintiffs and the Class members also disclosed such information for the
12 benefit of Defendants.

13 126. The provision of PII by Plaintiffs and the Class members, and Defendants'
14 acceptance of such information, created an implied contract whereby Defendants had a
15 duty to safeguard and protect the information of Plaintiffs and Class members, consistent
16 with industry standards for PII protection.

17 127. Equifax did not safeguard or protect Plaintiffs' and the Classes' PII from
18 being accessed, compromised, and/or stolen. Defendants did not maintain sufficient
19 security measures and procedures to prevent unauthorized access to Plaintiffs' and the
20 Classes' PII and did not provide timely notice of the Data Breach. Defendants did not
21 comply with the industry standards for the protection of PII.

22 128. Because Equifax failed to safeguard and/or protect Plaintiffs' and the
23 proposed Classes' PII from being compromised or stolen, and failed to comply with
24 industry standards for the protection of such information, Defendants breached their
25 implied contracts with Plaintiffs and Class members.

1 129. Equifax's failure to fulfill its implied contractual obligation to protect PII
2 resulted in the Plaintiffs and the Class members receiving services of less value than what
3 was promised, i.e., services that included adequate protection of confidential patient data.
4 Accordingly, Plaintiffs and the Class members did not receive the full benefit of their
5 bargain.

6 130. As a result of Equifax’s breach of its implied contract with Plaintiffs and
7 Class members, Plaintiffs and Class Members suffered and will continue to suffer injury,
8 which includes but is not limited to the monetary difference between the amount paid for
9 services as promised and the services actually provided by Defendants (which did not
10 include adequate or industry standard data protection), inconvenience and exposure to a
11 heightened, imminent risk of fraud, identity theft, and financial harm. Plaintiffs and Class
12 Members must more closely monitor their financial accounts and credit histories to guard
13 against identity theft. Class Members also have incurred, and will continue to incur on an
14 indefinite basis, out-of-pocket costs for obtaining credit reports, credit freezes, credit
15 monitoring services, and other protective measures to deter or detect identity theft. The
16 unauthorized acquisition of Plaintiffs’ and Class Members’ PII has also diminished the
17 value of the PII. Plaintiffs and the Classes have also experienced other damages consistent
18 with the theft of their PII. Through its failure to timely discover and provide clear
19 notification of the Data Breach to consumers, Equifax prevented Plaintiffs and Class
20 Members from taking meaningful, proactive steps to secure their PII.

COUNT VIII

UNJUST ENRICHMENT

(On behalf of the Nationwide and Arizona Classes)

24 131. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.
25 132. Equifax received payment to perform services that included protecting
26 Plaintiffs' and the Class members' PII. Equifax failed to do this, but retained Plaintiffs'

and the Class members' payments.

133. Equifax retained the benefit of said payments under circumstances which rendered it inequitable and unjust for it to retain such benefits without paying for their value.

134. Defendants' retention of this money is without justification because, had
5 Plaintiffs and the Class members been aware of the truth of Defendants' misrepresentations
7 and omissions regarding the security of their PII, they would not have utilized their
8 services.

9 135. Defendants have knowledge of said benefits.

10 136. Plaintiffs and Class members are entitled to recover damages in an amount
11 to be proven at trial.

COUNT IX

BAILMENT

(On behalf of the Nationwide and Arizona Classes)

137. Plaintiffs incorporate all preceding and subsequent paragraphs by reference.

16 138. Plaintiffs and Class members delivered their PII to Defendants in order to
17 receive services from Defendants.

18 139. The PII was furnished Defendants for the exclusive purpose of receiving the
19 services Equifax provides in the ordinary course of business, and Defendants took
20 possession of the PII for the same reason.

140. Upon delivery, Plaintiffs and Class members intended and understood that
Equifax would adequately safeguard their PII, and Defendants, in accepting possession,
understood the expectations of Plaintiffs and Class members. Accordingly, bailment was
established for the mutual benefit of the parties at the time of delivery and acceptance of
possession.

1 141. Pursuant to the bailment arrangement, Defendants owed Plaintiffs and Class
2 members a duty of reasonable care in safeguarding and protecting their PII.

3 142. Equifax breached this duty by failing to take adequate steps to protect the PII
4 entrusted to them and by failing to conform to best practices and industry standards to
5 prevent unauthorized access to Plaintiffs and Class members' PII.

6 143. As a result of Equifax's failure to fulfill its bailment arrangement, Plaintiffs
7 and Class Members suffered and will continue to suffer injury, which includes but is not
8 limited to the monetary difference between the amount paid for services as promised and
9 the services actually provided by Defendants (which did not include adequate or industry
10 standard data protection), inconvenience and exposure to a heightened, imminent risk of
11 fraud, identity theft, and financial harm. Plaintiffs and Class Members must more closely
12 monitor their financial accounts and credit histories to guard against identity theft. Class
13 Members also have incurred, and will continue to incur on an indefinite basis, out-of-
14 pocket costs for obtaining credit reports, credit freezes, credit monitoring services, and
15 other protective measures to deter or detect identity theft. The unauthorized acquisition of
16 Plaintiffs' and Class Members' PII has also diminished the value of the PII. Plaintiffs and
17 the Classes have also experienced other damages consistent with the theft of their PII.
18 Through its failure to timely discover and provide clear notification of the Data Breach to
19 consumers, Equifax prevented Plaintiffs and Class Members from taking meaningful,
20 proactive steps to secure their PII.

21 **VII. PRAAYER FOR RELIEF ON INDIVIDUAL AND CLASS ACTION CLAIMS**

22 WHEREFORE, the Plaintiffs and Class Representatives, on their own behalf and
23 on behalf of the respective Classes, pray that this Court:

24 144. Certify this case as a class action maintainable under Federal Rules of Civil
25 Procedure Rule 23(a), (b)(2) and/or (b)(3), on behalf of the proposed Classes; designate the
26

1 proposed Class Representative as a representative; and designate Plaintiffs' counsel of
2 record as Class Counsel for each Class;

3 145. Declare and adjudge that (a) Defendants' policies, practices, and/or
4 procedures challenged herein are illegal and in violation of the rights of the respective
5 Plaintiffs, Class Representatives, and members of the Nationwide and Arizona Classes; (b)
6 Equifax's existing data security measures do not comply with its contractual obligations
7 and duties of care, and (b) in order to comply with its contractual obligations and duties of
8 care, Equifax must implement and maintain reasonable security measures, including, but
9 not limited to:

- 10 a. engaging third-party security auditors/penetration testers as well as
11 internal security personnel to conduct testing, including simulated
12 attacks, penetration tests, and audits on Equifax's systems on a periodic
13 basis, and ordering Equifax to promptly correct any problems or issues
14 detected by such third-party security auditors;
- 15 b. engaging third-party security auditors and internal personnel to run
16 automated security monitoring;
- 17 c. auditing, testing, and training its security personnel regarding any new or
18 modified procedures;
- 19 d. segmenting PII by, among other things, creating firewalls and access
20 controls so that if one area of Equifax is compromised, hackers cannot
21 gain access to other portions of Equifax systems;
- 22 e. purging, deleting, and destroying in a reasonable secure manner PII not
23 necessary for its provisions of services;
- 24 f. conducting regular database scanning and securing checks;

- 1 g. routinely and continually conducting internal training and education to
- 2 inform internal security personnel how to identify and contain a breach
- 3 when it occurs and what to do in response to a breach; and
- 4 h. educating its customers about the threats they face as a result of the loss
- 5 of their financial and personal information to third parties, as well as the
- 6 steps Equifax customers must take to protect themselves.

7 146. Issue a permanent injunction against Defendants and their partners, officers,
8 trustees, owners, employees, agents, attorneys, successors, assigns, representatives, and
9 any and all persons acting in concert with them from engaging in any conduct violating the
10 rights of Plaintiffs, Class Representatives, members of the Nationwide and Arizona
11 Classes, and those similarly situated as secured by law.

12 147. Order injunctive relief requiring Defendants to (1) strengthen their data
13 security systems that maintain PII to comply with the applicable state laws alleged herein
14 and best practices under industry standards; (2) engage third-party auditors and internal
15 personnel to conduct security testing and audits on Defendants' systems on a periodic basis;
16 (3) promptly correct any problems or issues detected by such audits and testing; and (4)
17 routinely and continually conduct training to inform internal security personnel how to
18 prevent, identify and contain a breach, and how to appropriately respond;

19 148. Award compensatory, consequential, incidental, and statutory damages,
20 restitution, and disgorgement to Plaintiffs, Class Representatives, and members of the
21 Classes, in an amount to be determined at trial.

22 149. Order Defendants to make whole the Plaintiffs, Class Representatives, and
23 members of the Classes by providing them with any other monetary and affirmative relief;

24 150. Order Defendants to pay all costs associated with Class notice and
25 administration of Class-wide relief;

151. Award litigation costs and expenses, including, but not limited to, reasonable attorneys' fees, to the Plaintiffs, Class Representatives, and members of the Nationwide and Arizona Classes;

152. Award Plaintiffs, Class Representatives, and members of the Nationwide and Arizona Classes all pre-judgment interest and post-judgment interest available under law;

153. Award Plaintiffs, Class Representatives, and members of the Nationwide and Arizona Classes any other appropriate equitable relief;

8 154. Order that this Court retain jurisdiction of this action until such time as the
9 Court is satisfied that the Defendants has remedied the practices complained of herein and
10 are determined to be in full compliance with the law; and

11 155. Award additional and further relief as this Court may deem just and proper.

VIII. JURY DEMANDED

13 | Plaintiffs demand a trial by jury on all issues triable of right by jury.

DATED this 20th day of September, 2017.

RUSING LOPEZ & LIZARDI, P.L.L.C.

/s/ J. William Brammer
J. William Brammer
Michael J. Rusing

SANFORD HEISLER SHARP, LLP
Ed Chapin (*Pro Hac Vice* forthcoming)
Kevin Sharp (*Pro Hac Vice* forthcoming)
Danielle Fuschetti (*Pro Hac Vice* forthcoming)

Attorneys for Plaintiffs and the Classes